

SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LTD.

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NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LTD.



RESPONSES TO OBJECTIONS / SUGGESTIONS

**During the PUBLIC HEARING ON Additional Surcharge
(for H2 of F.Y. 2023-24) FILINGS by TS DISCOMS**

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PUBLIC HEARING ON Additional Surcharge (for H2 FY 2023-24) FILINGS by TS DISCOMS

Date: 23.08.2023

Venue: TSERC COURT HALL, Hyderabad

- Presentation by TS Discoms

S.No.	Name and Address of the Objector	Pg.No.
1.	M/s The Federation of Telangana Chambers of Commerce and Industry (FTCCI) , Federation House, Federation Marg, 11-6-841, Red Hills, Hyderabad 500004	3
2.	M/s Telangana Iron & Steel Manufacturers Association (TISMA) , Flat No.101, 1st Floor, Sathya Sarovar apartment, Ghansi Bazar, Near High Court, Hyderabad-500002.	5
3.	M/S. Telanga Solar Open access Developers Association(TSOADA) , #8-3-224/4/A, Pt No.11&12, Sy No.01, Room No.412, Madhra Nagar, Yousufguda, Hyderabad-500038.	6
4.	M/s. Greenko , Greenko Hub, #13, High Tech City, Madhapur, Hyderabad-500081	7
5.	Sarvotham Care , 1-20-248, Umajay Complex, Rasoolpura, Secunderabad – 500003, Telangana	9
6	M/s. Enersol Infra Pvt. Ltd. , Plot No.270E/A, Rd No.10, Jubilee Hills, Hyderabad 500 033.	10
7	M/s. Bhavna Power Pvt. Ltd. H.No. 2-22-1/39, Flot No.408, Kailaskalyan Apartment, Bhagyanagar Colony, OPP KPHB, Kukatapally, Hyderabad- 500 072.	10
8	M/s Ushodaya Enterprises Pvt Ltd , D.No. 6-3-569/3, Eenadu Complex, Somajiguda, Hyderabad 500 082.	10
9	M/s Tropical Flavour (P) Ltd , Sy. No. 902, 903, Kandukur Post, Srisailam Road, Rangareddy – 501 359.	11
10	M/s. Srinivasa Green Energies Pvt Ltd , H.No.17-1-389/18B, Prashanth Nagar Colony, Saidabad, Hyderabad –5 00 059.	11

S.No.	Objection	Response
Objector: 1. M/s Federation of Telangana Chambers of Commerce and Industry(FTCCI)		
1	<ul style="list-style-type: none"> Methodology followed not in line with Approved Methodology. AS claimed by Discoms is high. Demand charges not considered by Discoms in AS calculation, as it was mandated in order dated 20.09.2020 	<ul style="list-style-type: none"> Through letter dated Lr.dt. 24.04.2023, the TS Discoms have requested the Hon'ble Commission to revise the methodology for computation of Additional Surcharge as there has been substantial divergence from the original methodology as approved in the OP No.23 of 2020 dated 18.09.2020. Historically, the approved AS has been lower in Telangana State compared to approved AS in other states. The Additional Surcharge is computed for H2 of FY 2023-24 based on the proposal for amendment to the existing methodology addressed to the Hon'ble commission vide Lr.dt. 24.04.2023 in addition to the directions issued in the AS order for H1 of FY 2023-24 by Hon'ble TSERC dated 20.03.2023.
2	<ul style="list-style-type: none"> The open access sales claimed by the petitioner are considerably less and lacking proper evidence 	<ul style="list-style-type: none"> TS Discoms submit that the open access sales used in the calculation (129.14 MU) is actual open access sales for H2 of FY 2022-23 as per the approved methodology in O.P.No 23 of 2020 dated 18.09.2020 and is not at all estimation.
3	<ul style="list-style-type: none"> Fixed charges of Rs. 6574.36 crore and recovery of demand charges related details not provided. Also, no plant availability linkage provided in calculations of AS. 	<ul style="list-style-type: none"> The fixed charged claimed by TS Discoms are actual fixed charges, incurred in procuring power for H2 of FY2022-23. The licensees have already provided the complete breakup of the individual fixed cost of each generating station that has been considered in the determination of AS for H2 FY 2023-24. All the details regarding plant availability and schedules, and respective calculation sheets have been shared with Hon'ble Commission. These details are hosted at TS Discom's websites. The objectors can access these details from respective websites.
4	<ul style="list-style-type: none"> No details provided for fixed charges paid towards NCE power procurement. 	<ul style="list-style-type: none"> There are no fixed charges paid towards NCE power procurement.
5	<ul style="list-style-type: none"> Objectors assesses the AS to be levied is Nil 	<ul style="list-style-type: none"> Through letter dated Lr.dt. 24.04.2023, the TS Discoms have requested the Hon'ble Commission to revise the methodology for computation of Additional Surcharge as there has been substantial divergence from the original methodology as approved in the OP No.23 of 2020 dated 18.09.2020. The Additional Surcharge is computed for H2 of FY 2023-24 based on the proposal

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		for amendment to the existing methodology addressed to the Hon'ble commission vide Lr.dt. 24.04.2023 in addition to the directions issued in the AS order for H1 of FY 2023-24 by Hon'ble TSERC dated 20.03.2023 to recover the total fixed cost commitments of TSDISCOMs in line with the section 42(4) of Electricity Act, 2003.
6	<ul style="list-style-type: none"> • Dubious fixed charges paid to NTECL Vallur TPS and NLC Tamil Nadu are not to be considered as per RST order for FY 22-23 of the Hon'ble TSERC. • This is under process at Central Govt. as claimed by the Discoms 	<ul style="list-style-type: none"> • The fixed charges paid to the generators (NTECL Vallur TPS and NLC Tamil Nadu Power Ltd for FY 2023-24) are based on the energy allocation by Central Govt. and availability of power plants. • The Licensees submitted a requisition to MoP, GoI expressing its willingness to surrender the share of Telangana State from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd. and it is under process.
7	<ul style="list-style-type: none"> • The Continuous stranded capacity has to be shown by the Discoms 	<ul style="list-style-type: none"> • All the details regarding plant availability and schedules, and respective calculation sheets have been shared with Hon'ble Commission. These details are hosted at TS Discom's websites. The objectors can access these details from respective websites.

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Objector: 2. M/s Telangana Iron & steel Manufactures Association(TISMA)		
1	<ul style="list-style-type: none"> Objectors assesses the AS to be levied Nil 	<ul style="list-style-type: none"> Through letter dated Lr.dt. 24.04.2023, the TS Discoms have requested the Hon'ble Commission to revise the methodology for computation of Additional Surcharge as there has been substantial divergence from the original methodology as approved in the OP No.23 of 2020 dated 18.09.2020. The Additional Surcharge is computed for H2 of FY 2023-24 based on the proposal for amendment to the existing methodology addressed to the Hon'ble commission vide Lr.dt. 24.04.2023 in addition to the directions issued in the AS order for H1 of FY 2023-24 by Hon'ble TSERC dated 20.03.2023 to recover the total fixed cost commitments of TSDISCOMs in line with the section 42(4) of Electricity Act, 2003.
2	<ul style="list-style-type: none"> Discoms purchase energy from exchange despite having stranded capacity Continuous stranded capacity should be shown by the Discoms 	<ul style="list-style-type: none"> TS Discoms have provided detailed information of all purchases made by the Discoms from the exchanges under the "additional information" requirement of the Hon'ble Commission. The short-term purchases are already being netted-off in calculation of stranded capacity as per the commission's direction in AS order for H1 of 23-24. Detailed 15-minute block-wise calculation of stranded capacity and respective calculation sheets have been provided to show stranded capacity by the Discoms. All the details regarding plant availability and schedules, and respective calculation sheets have been shared with Hon'ble Commission. These details are hosted at TS Discom's websites. The objectors can access these details from respective websites.
3	<ul style="list-style-type: none"> NPS Vallur and TN power stations power should be disallowed 	<ul style="list-style-type: none"> The fixed charges paid to the generators (NTECL Vallur TPS and NLC Tamil Nadu Power Ltd for FY 2023-24) are based on the energy allocation by Central Govt. and availability of power plants. The Licensees submitted a requisition to MoP, GoI expressing its willingness to surrender the share of Telangana State from NTECL Vallur TPS and NLC Tamil Nadu Power Ltd. and it is under process.

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Objector: 3. M/S. Telanga Solar Open access Developers Association(TSOADA)		
1	<ul style="list-style-type: none"> • No As for green OA consumers as per Green Open Access Rules 2022 • The Commission may expedite the process of adoption of norms defined under Green Open Access Rules 2022 	<ul style="list-style-type: none"> • As identified by the policymakers through the mandates of Electricity Act 2003, removing additional surcharge would result in licensees having to bear excessive fixed costs associated with PPAs that are signed for long-term durations (25 years) on account of stranded capacity due to the switching of existing consumers. The additional surcharge helps in assuaging the Discoms financial worries. Removing of such charges would put Discoms under doldrums. • As per section 42(4) of Electricity Act, 2003 the State Regulatory Commission may specify the additional surcharge to be levied on the open access consumers to enable the licensee to recover its entire fixed costs arising out of its obligation to supply. • Any Rules cannot supersede the Electricity Act 2003 passed by the parliament, and hence without appropriate modifications in 2003 Act, such new rules may not have legislative support.

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Objector: 4. M/s. Greenko		
1	<ul style="list-style-type: none"> Continuous stranded capacity should be shown by the Discoms It should be shown that it is due to OA consumers 	<ul style="list-style-type: none"> Detailed 15-minute block-wise calculation of stranded capacity and respective calculation sheets have been provided to show stranded capacity by the Discoms. All the details regarding plant availability and schedules, and respective calculation sheets have been shared with Hon'ble Commission. These details are hosted at TS Discom's websites. The objectors can access these details from respective websites.
2	<ul style="list-style-type: none"> The demand charges need to be considered in the calculation of AS Proposes AS @ Rs. 0.39/unit. 	<ul style="list-style-type: none"> The TS Discoms have requested the Hon'ble Commission to revise the methodology for computation of Additional Surcharge as there has been substantial divergence from the original methodology. The original methodology has changed significantly from its finalization in the OP No.23 of 2020 dated 18.09.2020. Considering that there have been significant changes in the original methodology and these changes have affected TS Discoms financially. TS Discoms have proposed a new methodology to the Hon'ble Commission to amend the original methodology approved in the OP No.23 of 2020 to recover the total fixed cost commitments of TSDISCOMs in line with the section 42(4) of Electricity Act, 2003.
3	<ul style="list-style-type: none"> The network charges should not be considered 	<ul style="list-style-type: none"> Hon'ble Commission in its order in OP No.23 of 2020 (pg 12) opined that the methodology of AS computation was approved in the Order dated 13.12.2017 (which considers both intra & interstate transmission charges). The Hon'ble Commission also considered the same for determination of AS for H1 of FY 2023-24 H1 & H2 of FY2022-23 and H2 of FY 2021-22. There is no rationality in considering intra state transmission charges alone; LT PPAs exist with both intra and inter-state generators; backing down of generation is not limited to intra-state generators alone. Benefits due to reduction in PoC charges have been passed on to the consumer through APR filed by TS TRANSCO.
4	<ul style="list-style-type: none"> Peak demand availability should be considered instead of average available capacity (9,196.41 MW) at Discoms 	<ul style="list-style-type: none"> Hon'ble Commission in its order OP No.23 of 2020 (pg 12) opined that the methodology of AS computation was approved in the Order dated 13.12.2017

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		<p>(which considers both intra & interstate transmission charges). The Hon'ble Commission also considered the same for determination of AS for all previous period, including for H1 of FY 2023-24, H1 & H2 FY2022-23 and H2 FY 2021-22.</p> <ul style="list-style-type: none"> • In other states also, the stranded capacity is being calculated using average availability and not the peak availability.
	<ul style="list-style-type: none"> • Already high demand charge is being collected by the Discoms from the OA consumers. Hence, there should not be any AS on the OA consumers. 	<ul style="list-style-type: none"> • TS DISCOMs are of the opinion that as per the RST orders issued by the Hon'ble Commission regularly, the commitments of entire fixed costs, of Generation, Transmission and Distribution systems, are not being recovered through Demand Charges from HT Consumers & Fixed Charges from LT Consumers, but major portion is being recovered through energy charges from the consumers. In the Past orders regarding Additional Surcharge issued by the Hon'ble Commission, considered "under recovery of demand charges from the open access consumers" does not reflect DISCOMs entire liability of payments of fixed cost towards generators, transmission cost and distribution cost.
	<ul style="list-style-type: none"> • Discoms are purchasing more power from the exchanges. 	<ul style="list-style-type: none"> • TS Discoms have provided detailed information of all purchases made by the Discoms from the exchanges under the "additional information" requirement of the Hon'ble Commission. • The short-term purchases are already being netted-off in calculation of stranded capacity as per the commission's direction in AS order for H1 of FY2023-24.

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Objector: 5. M/s. Sarvotham Care		
1	<ul style="list-style-type: none"> AS exceptions is given to green energy open access consumers as per green energy open access rules. Please give the same. 	<ul style="list-style-type: none"> As identified by the policymakers through the mandates of Electricity Act 2003, removing additional surcharge would result in licensees having to bear excessive fixed costs associated with PPAs that are signed for long-term durations (25 years) on account of stranded capacity due to the switching of existing consumers. The additional surcharge helps in assuaging the Discoms financial losses. Removing of such charges would put Discoms under doldrums. As per section 42(4) of Electricity Act, 2003 the State Regulatory Commission may specify the additional surcharge to be levied on the open access consumers to enable the licensee to recover its entire fixed costs arising out of its obligation to supply. Any Rules cannot supersede the Electricity Act 2003 passed by the parliament, and hence without appropriate modifications in 2003 Act, such new rules may not have legislative support.
2	<ul style="list-style-type: none"> As shall be limited to 20% for a combination of CSS and AS 	<ul style="list-style-type: none"> The Electricity Rules 2022 in section 13 defined 20% capping as follows: <i>“The surcharge, determined by the State Commission under clause (a) of sub-section (1) of section 86 of the Electricity Act, 2003 shall not exceed twenty per cent of the average cost of Supply.”</i> Hence, it can be noticed that the Electricity Amendment Rules 2022 does not specify the type of Surcharge, whether the 20% limit is for AS or surcharge relating to CSS.

SNo	Objection	Response
Objector: 6. M/s. Enersol Infra Pvt. Ltd		
1	<ul style="list-style-type: none"> AS exemption for solar projects 	<ul style="list-style-type: none"> As identified by the policymakers through the mandates of Electricity Act 2003, removing additional surcharge would result in licensees having to bear excessive fixed costs associated with PPAs signed for long-term durations (25 years) on account of stranded capacity due to the switching of existing consumers. The additional surcharge helps in assuaging the Discoms financial worries. Removing of such charges would put Discoms under doldrums.
2	<ul style="list-style-type: none"> Exemption of CSS for the solar projects 	<ul style="list-style-type: none"> This is not relevant to the topic of Additional Surcharge

SNo	Objection	Response
Objector: 7. M/s. Bhavna Power Pvt. Ltd.		
1	<ul style="list-style-type: none"> Requests for AS Exemption 	<ul style="list-style-type: none"> As identified by the policymakers through the mandates of Electricity Act 2003, removing additional surcharge would result in licensees having to bear excessive fixed costs associated with PPAs signed for long-term durations (25 years) on account of stranded capacity due to the switching of existing consumers. The additional surcharge helps in assuaging the Discoms financial worries. Removing of such charges would put Discoms under doldrums.

S.No.	Objection	Response
Objector: 8. M/s Ushodaya Enterprises Pvt Ltd		
1	<ul style="list-style-type: none"> Requests for AS Exemption 	<ul style="list-style-type: none"> As identified by the policymakers through the mandates of Electricity Act 2003, removing additional surcharge would result in licensees having to bear excessive fixed costs associated with PPAs signed for long-term durations (25 years) on account of stranded capacity due to the switching of existing consumers. The additional surcharge helps in assuaging the Discoms financial worries. Removing of such charges would put Discoms under doldrums.

S.No.	Objection	Response
Objector: 9. M/s Tropical Flavour (P) Ltd		
1	<ul style="list-style-type: none"> Request for AS Exemption Request to reduce AS to be approved 	<ul style="list-style-type: none"> As identified by the policymakers through the mandates of Electricity Act 2003, removing additional surcharge would result in licensees having to bear excessive fixed costs associated with PPAs signed for long-term durations (25 years) on account of stranded capacity due to the switching of existing consumers. The additional surcharge helps in assuaging the Discoms financial worries. Removing of such charges would put Discoms under doldrums.

S.No.	Objection	Response
Objector: 10. M/s. Srinivasa Green Energies Pvt Ltd		
1	<ul style="list-style-type: none"> AS and any other tax should be exempted. 	<ul style="list-style-type: none"> As identified by the policymakers through the mandates of Electricity Act 2003, removing additional surcharge would result in licensees having to bear excessive fixed costs associated with PPAs signed for long-term durations (25 years) on account of stranded capacity due to the switching of existing consumers. The additional surcharge helps in assuaging the Discoms financial worries. Removing of such charges would put Discoms under doldrums.